

A BILL

To amend the Central Intelligence Agency Retirement Act of 1964

for Certain Employees, and for other purposes.

EXPLANATION AND JUSTIFICATION

The purpose of the proposed bill is to update the Central Intelligence Agency Retirement Act to bring it in line with legislation approved for Civil Service and Foreign Service employees. Authority is also provided for exemption for the Agency from the Federal Employees Pay Act. The specific provisions of the proposed bill together with related Central Intelligence Agency statutory provisions, if any, are set forth in the Appendix, "Sectional Analysis and Explanation".

Additional cost of providing the authority set forth in this bill are estimated not to exceed \$46,300 for the first full year.

Sections 1 through 8 amend the Central Intelligence Agency Retirement Act of 1964 for Certain Employees, (78 Stat. 1043, 50 U.S.C. 403, note.) It should be understood that the Central Intelligence Agency has two retirement systems: the regular civil service retirement for the vast majority of its employees and its own CIA retirement system for a relatively small number of employees.

The following statements are cited to the appropriate section of the proposed bill.

Definition "Child"

Section 1

Section 1 does three things: First, it eliminates the requirement that a child be dependent upon a parent retiree in order to receive a survivor annuity. The present definition of a child requires that the child receive more than half his support from the participant to be eligible. This requirement could defeat a survivor annuity based on the service of a working mother. This support requirement was eliminated from the Civil Service Retirement Act

by the 89th Congress.

Second, it raises from 21 to 22 the maximum age for receiving survivor annuity payments as a student and increases from four to five months the maximum absence from school which may be permitted without terminating the survivor annuity. This will aid survivor children enrolled in trimester programs to secure employment and earn money without losing their annuity.

This same action was taken by the 89th Congress for student beneficiaries under the Civil Service Retirement Act.

Lastly, it permits a natural child to share in the distribution of any money in the CIA retirement and disability fund. The act today clearly permits a natural child to receive an annuity but it is not entirely clear with respect to lump-sum benefits. This would correct this deficiency.

A similar provision amending the Civil Service Retirement Act was approved by the 89th Congress.

Computation of Annuities

Section 2

This section increases the number of years service that may be included in computing the annuity of an individual from 35 to 40 years. This will permit the same annuity ceiling (80 percent) for Agency annuities as applies to Civil Service retirement annuities. A similar amendment to the Foreign Service Act was approved by the Senate in June and is now pending before the House.

Widow's Annuity

Section 3

This section permits the annuity of a widow or a dependent widower to continue in the event of remarriage. This is similar to the law applicable to survivor annuitants under the Foreign Service Act and is in keeping with the plan approved by the 89th Congress for survivor annuitants under the Civil Service Retirement Act.

Child's Annuity

Section 4

This section provides for the commencement and termination date for a child survivor annuity and assures that the survivor annuity of a student may be resumed even though it had previously been terminated, as for example, because of military service.

Today once an annuity has been terminated because of an absence between school terms in excess of the maximum absence authorized, the annuity cannot be resumed.

A similar amendment to the Civil Service Retirement Act was approved by the 89th Congress.

Annuity Commencement Date

Section 5

This section makes a technical change in the law which will authorize the commencement of an annuity as soon as the individual enters a nonpay status. Under existing law, an annuitant must wait until the beginning of the month following his date of separation.

This will conform the CIA retirement system to the civil service retirement system in this respect.

Transfer of Contributions

Section 6

Under existing law, an individual who transfers into the CIA retirement fund from some other Government retirement system can transfer his contributions from the other fund to the CIA fund, but there is no provision for transfer of the Government contribution to such fund.

Also, when an individual transfers from the CIA retirement fund to some other Government retirement fund, there is no provision for the transfer of either the Government's contribution or his own contribution to the non-CIA retirement fund. This section would correct the inequities of this situation.

The Civil Service Commission is wholly in accord with this change.

Reemployment of Annuitants

Section 7

The small group of employees who are under the CIA Retirement Act retire, on the whole, some 10 years earlier than employees under the Civil Service Retirement Act. These retirees therefore, with few exceptions, will need to seek a second career. They do not acquire status in the competitive service and much of the experience and competence cannot be readily related to normal Government positions. It is probable, therefore, that they would have to accept a Government position, at least initially, several grades

below their position in the CIA at the time of retirement. This section would authorize an annuitant who is retired from the Agency to be reemployed in the Government and to retain the salary of the new position, plus so much of his annuity, which when added to the new salary, would not exceed his salary at the time of retirement.

For example, if a CIA GS-13 (salary of \$12,873) retires with an annuity of \$6,000 and then enters other Federal employment at the GS-11 level (salary, \$9,221), he would actually receive only \$3,221 for his services. This section would permit the retiree to receive his earned salary of \$9,221 plus \$3,652 of his \$6,000 annuity bringing him up to his previous salary level of \$12,873.

It is pointed out that this relates to very few people. It is pointed out, also, that a retired military reservist can retain both his civilian salary and his entire annuity and that a retired Regular officer can retain his salary plus the first \$2,000 of his annuity and 50 percent of the balance of it.

Cost-of-Living Adjustments

Section 8

This section will bring the cost of living provision of the Agency's Retirement Act into line with provisions which currently apply to civil service and military retirees. During the first session of the 89th Congress, the cost-of-living provision for military retirees was amended to gear increases to quarterly rather than average calendar year Consumer Price Indexes. Later in that session similar legislation for the benefit of the entire civil service system was approved.

Federal Employees Pay Act

Section 9

The Central Intelligence Agency is now excluded from the Federal Employees Pay Act of 1945, as amended, by regulation of the Civil Service Commission, but not by law. This section would exclude the CIA by law.

The Agency has developed a salary administration program which adheres closely to the principles and standards of the Classification Act regarding the classification of positions, establishment of entry salary rates, and the grant of merit and quality step increases and conforms generally to the principles and standards of the Pay Act regarding premium pay and hours of work. However, it has been necessary for the Agency to deviate somewhat from the specific practices required by the act to accommodate peculiar problems inherent in its mission and functions.

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Legislative Proposals

25X1A

1. "Non-retirement" items dropped from original CIA Retirement bill. [REDACTED] has already drafted bill. Personnel items included are:
 - a. Clarification of "abroad" to include Alaska and Hawaii.
 - b. Authority to pay travel expenses for R&R leave.
 - c. Authority to pay dependents' travel expenses of employee diverted for TDY en route to PCS post.
 - d. Authority to provide language training and orientation for dependents.
 - e. Authority to authorize home leave after 18 months of service abroad.
 - f. Clarify authority for overseas' dependents medical benefits.
 - g. Provide statutory reemployment rights in former agencies to employees transferred to CIA from other agencies.
 - h. Authority for Agency to accept gifts or bequests to be used for benefit or welfare of employees and dependents.
2. Exemption for the Agency from the overtime provisions of the Federal Employees Pay Act of 1945, as amended. This is also included in bill already drafted by [REDACTED]. 25X1A
3. "Daniels bill" annuity increase provision for CIA Retirement Act retirees. This bill has already been introduced.
4. Removal of \$50 limitation on consultant fees. This proposal has already been submitted to Congress. May be handled as a part of item 3 above.
5. Restoration of special "Foreign Service Retirement" provisions removed from CIA Retirement Act during Senate consideration:
 - a. Reemployment compensation: permits reemployed annuitant to accept annuity and salary up to amount of salary at time of retirement.
 - b. Survivor annuity to widow of disability retiree based on his actual rather than his earned annuity.

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c. Survivor annuity in death in service case based on guaranteed minimum formula for disability retirement rather than earned annuity of deceased.

d. Retention of survivor annuity by widow following re-marriage.

6. Additional amendments to CIA Retirement Act.

*looking at
amendment*
✓ a. Exemption from Uniform Retirement Date act to permit setting dates the same as under Civil Service retirement. *hm
hr conf*

b. Authority for transfer of employer contributions as well as employee contributions from Civil Service Retirement Fund to CIA Retirement Fund; authority for direct transfer of employee and employer contributions from CIA Fund to CSR Fund. *hm
hr conf*

c. Authority to treat contributions for "excess service" (beyond period establishing maximum annuity) as "voluntary contributions" and basis of supplemental annuity.

ADMINISTRATIVE - INTERNAL USE ONLY

H. R. 8427

H. Rept. 763 - Armed Services Committee

"Central Intelligence Agency Retirement Act of 1963 for Certain Employees"

The purpose of H. R. 8427 is to afford an improved retirement system for a portion of the employees of CIA. Generally only those career employees whose work is oriented toward the conduct and support of intelligence activities abroad are to be covered under the system. It was determined that rather than establish an entirely new system, the Agency would follow precedent established in the retirement field by Foreign Service legislation. Consequently, the bill authorizes the establishment of a separate retirement system for the Agency which is substantively identical to that of the Foreign Service. It is estimated that only about 30 per cent of the total Agency employees will qualify for coverage under this system.

The bill provides for voluntary retirement at age 50 if an employee has 20 years of service and at least five years of service with the Agency. The Agency would have authority to retire involuntarily individuals in the grade of GS-14 and above regardless of age who would be entitled to draw an immediate earned annuity. In addition, the Agency could retire involuntarily employees in the grade of GS-13 and below. Such employees would be entitled to severance pay and if otherwise eligible, to deferred annuities at age 60.

It is believed the enactment of this legislation will fulfill Agency needs and will enable the Agency to keep a younger service by retiring people earlier and providing for them a more equitable annuity. It will significantly improve the career structure of CIA and will permit greater efficiency and flexibility to Agency management and administration generally.

SECTIONAL ANALYSIS

Section (a) amends section 406 of title 37, United States Code, by adding a new subsection providing authority for the advance return of dependents, household goods, baggage, and privately owned vehicles of military members from overseas areas to locations in the United States or its possessions, when such return is determined to be in the best interests of the member or his dependents and the United States, and authorizing the return transportation to the United States or its possessions of unmarried children of a member who become twenty-one years of age while the member is assigned on overseas duty.

Section (b) amends the text of section 2634 of title 10, United States Code, to provide authority to transport at the expense of the United States, on a vessel leased or chartered by the United States (presently only vessels owned by the U. S. may be used) one motor vehicle owned by a service member for his personal use, when such member is ordered to make a permanent change of station. This authority may not be used to transport a second vehicle when one vehicle was already transported in advance of permanent change.

Sections(c)(1) and (2) extend the applicability of section 2634 of title 10, as amended in section (b), to the Coast and Geodetic Survey and the Public Health Service.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is inclosed in black brackets, new matter is printed in italic; existing law in which no change is proposed is shown in Roman):

TITLE 37, UNITED STATES CODE

§ 406. Travel and transportation allowances: dependents; baggage and household effects

"(a) . . .

"(g) . . .

"(h) In the case of a member who is serving at a station outside the United States or in Hawaii or Alaska, if the Secretary concerned determines it to be in the best interests of the member or his dependents and the United States, he may, when orders directing a change of permanent station for the member concerned have not been issued, or when they have been issued but cannot be used as authority for the transportation of his dependents, baggage, and household effects--

"(1) authorize the movement of the member's dependents, baggage, and household effects at that station to an appropriate location in the United States or its possessions and prescribe transportation in kind, reimbursement therefor, or a monetary allowance in place thereof, as the case may be, as authorized under subsection (a) or (b) of this section; and

"(2) authorize the transportation of one motor vehicle owned by the member and for his or his dependents' personal use to that location on a vessel owned, leased, or chartered by the United States or by privately owned American shipping services.

If the member's baggage and household effects are in non-temporary storage under subsection (d) of this section, the Secretary concerned

may authorize their movement to the location concerned and prescribe transportation in kind or reimbursement therefor, as authorized under subsection (b) of this section. For the purposes of this section, a member's unmarried child for whom the member received transportation in kind to his station outside the United States or in Hawaii or Alaska, reimbursement therefor, or a monetary allowance in place thereof and who became 21 years of age while the member was serving at that station shall be considered as a dependent of the member. "

TITLE 10, UNITED STATES CODE

§ 2634. Motor vehicles: for members on permanent change of station

"When a member of an armed force is ordered to make a permanent change of station, one motor vehicle owned by him and for his personal use may be transported to his new station at the expense of the United States--

"(1) on a vessel owned, leased, or chartered by the United States; or

"(2) by privately owned American shipping services; unless a motor vehicle owned by him was transported in advance of that permanent change of station under section 406(h) of Title 37. "

TITLE 33, UNITED STATES CODE

§ 857a. Rights, benefits, privileges, and immunities; exercise of authority by Secretary of Commerce or designee

(a) The rules of law that apply to the Armed Forces under the following provisions of Title 10, including changes in those rules made after August 10, 1956, apply also to the Coast and Geodetic Survey:

(1) Section 1036, Escorts for dependents of members: transportation and travel allowances.

(2) Chapter 61, Retirement or Separation for Physical Disability.

(3) Chapter 69, Retired Grade, except sections 1374, 1375, and 1376(a).

(4) Chapter 71, Computation of Retired Pay, except formula No. 3 of section 1401.

(5) Chapter 73, Annuities based on Retired or Retainer Pay.

(6) Chapter 75, Death Benefits.

(7) Section 2771, Final settlement of accounts: deceased members.

(8) Sections 2731, 2732, and 2735, property loss incident to service.

(9) Such other provisions of subtitle A as may be adopted for applicability to the Coast and Geodetic Survey by any other provision of law.

(10) Chapter 40, Leave.

(11) Section 2634, Motor vehicles: for members on permanent change of station.

§ 853s. Transportation of motor vehicles

Notwithstanding the provisions of section 73c of Title 5 when any commissioned officer of the Coast and Geodetic Survey is ordered to make a permanent change of station, one motor vehicle owned by him for his personal use may be transported to his new station on a Government owned vessel or as otherwise authorized by law. Expenses incurred by virtue of this section shall be payable from the appropriation available for transportation of household effects.

TITLE 42, UNITED STATES CODE

§ 213a. Rights, benefits, privileges, and immunities for commissioned officers or beneficiaries; exercise of authority by Secretary or designee

(a) Commissioned officers of the Service or their surviving beneficiaries are entitled to all the rights, benefits, privileges, and immunities now or hereafter provided for commissioned officers of the Army or their surviving beneficiaries under the following provisions of Title 10:

(1) Section 1036, Escorts for dependents of members: transportation and travel allowances.

(2) Chapter 61, Retirement or Separation for Physical Disability, except that sections 1201, 1202, and 1203 do not apply to commissioned officers of the Public Health Service who have been ordered to active duty for training for a period of more than 30 days.

(3) Chapter 69, Retired Grade, except sections 1374, 1375, and 1376(a).

(4) Chapter 71, Computation of Retired Pay, except formula No. 3 of section 1401.

(5) Chapter 73, Annuities Based on Retired or Retainer Pay.

(6) Chapter 75, Death Benefits.

(7) Section 2771, Final Settlement of Accounts: Deceased Members.

(8) Chapter 163, Military Claims, but only when commissioned officers of the Service are entitled to military benefits under section 213 of this title.

(9) Section 2603, Acceptance of fellowships, scholarships or grants.

(10) Section 2634, Motor vehicles: for members on permanent change of station.

1. (3) Amend section 4 by adding the following new paragraphs
2. (1) (G) and (1) (H), and (8), and further amend section 4 by deletion
3. of the words "Under such regulations as the Director may prescribe,
4. the Agency, with respect to its officers and employees assigned to
5. duty stations outside the several States of the United States of
6. America, excluding Alaska and Hawaii, but including the District of
7. Columbia, ~~shall~~-" and substitute therefor, "Under such regulations
8. as the Director may prescribe, the Agency, with respect to its
9. officers and employees assigned abroad to duty stations outside the
10. several States of the United States of America, excluding Alaska
11. and Hawaii, but including the District of Columbia, ~~(may)~~-".

*Tr, Allow's,
+ Rel. Exp's.*

R + R

12. "(1)(G) Pay the travel expenses of officers and employees of
13. the Agency and members of their families, while serving at posts
14. specifically designated by the Director for purposes of this para-
15. graph, for rest and recuperation to other locations abroad having
16. different environmental conditions than those at the post at which
17. such officers and employees are serving, provided that such travel
18. expenses shall be limited to the cost for each officer or employee
19. and members of his family of one round trip during any continuous
20. two-year tour unbroken by home leave and two round trips during any
21. continuous three-year tour unbroken by home leave;"

*Idy rel. of
dependents*

22. "(1)(H) Pay the travel expenses of members of the family
23. accompanying, preceding, or following an officer or employee if,
24. while he is enroute to his post of assignment, he is ordered
25. temporarily for orientation and training or is given other temporary

1. duty."

*O + 1 Trng.
for Family*

2. "(8) Provide appropriate orientation and language training to
3. members of family of officers and employees of the Agency in anti-
4. cipation of the assignment abroad of such officers and employees,
5. or while abroad."

~~6.~~ (4) Amend section 4(3)(A) to read as follows:

*18 months
Home leave*

7. "(3)(A) Order to any of the several States of the United States
8. of America (including the District of Columbia, the Commonwealth of
9. Puerto Rico, and any territory or possession of the United States) on
10. leave of absence authorized in section 203(f) of the Annual and Sick
11. Leave Act of 1951, as amended, each officer or employee of the Agency
12. who was a resident of the United States (as described above) at the
13. time of employment, upon completion of three years' continuous service
14. abroad or as soon as possible thereafter and may so order after com-
15. pletion of eighteen months such service without regard to the limitation
16. contained in section 203(f) of the Annual and Sick Leave Act of 1951,
17. as amended."

18. (5) Amend section 4(5) by striking out subsections (A) and (C)
19. and inserting in lieu thereof the following new paragraphs (A) and
20. (C):

*1st. for
Medical
Care and
Attendant
for 1st. of
each/rev.*

21. "(A) In the event an officer or employee of the Agency or one
22. of his dependents, requires medical care, for illness or injury not
23. the result of vicious habits, intemperance, or misconduct, while on
24. assignment abroad in a locality where there is no qualified person
25. or facility to provide such care, pay the travel expenses of such

1. officer, employee, or dependent by whatever means deemed appropriate
2. by the Agency, including the furnishing of transportation, and without
3. regard to the Standardized Government Travel Regulations and section
4. 10 of the Act of March 3, 1933, as amended (60 Stat. 808; 5 U.S.C.
5. 73b), to the nearest locality where suitable medical care can be
6. obtained and on his recovery pay for the travel expenses of his return
7. to his post of duty. If any such person is too ill to travel unattended,
8. or in the case of a dependent too young to travel alone, the Agency
9. may also pay the round-trip travel expenses of an attendant or
10. attendants;"

*Med Care
for Emp's*

11. "(C)(1) In the event of illness or injury requiring hospitalization
12. or similar treatment incurred by an officer or employee of the Agency
13. who is assigned abroad, not the result of vicious habits, intemperance,
14. or misconduct on his part, pay for the cost of treatment of such
15. illness or injury;

*Med care
for Dep'd's.*

16. "(11) In the event a dependent of an officer or employee of the
17. Agency who is assigned abroad, incurs an illness or injury while
18. such dependent is located abroad, which requires hospitalization or
19. similar treatment, and which is not the result of vicious habits,
20. intemperance, or misconduct on his part, pay for that portion of the
21. cost of treatment of each such illness or injury that exceeds \$35
22. up to a maximum limitation of one hundred and twenty days of
23. treatment for each such illness or injury, except that such maximum
24. limitation shall not apply whenever the Agency, on the basis of
25. professional medical advice, shall determine that such illness or

1. injury clearly is caused by the fact that such dependent is or has
2. been located abroad;"

3. (6) In section 5, add the following new paragraphs (g) and (h):

*Reemployment
Rights*

4. "(g) Upon the termination of the assignment of an employee
5. appointed from another Government agency without a break in service
6. for duty with the Agency for a specific period of time agreed upon
7. by both agencies, such person will be entitled to reemployment in
8. such other Government agency in the position occupied at the time
9. of assignment, or in a position of comparable salary, or, at the
10. volition of the other Government agency, to a position of higher
11. salary. Upon reemployment, the employee shall receive the within-
12. grade salary advancements and other salary adjustments he would have
13. been entitled to receive had he remained in the position in which he
14. was employed prior to assignment to the Agency."

*Overseas
Claims of
non-citizens*

15. "(h) Settle and pay, whenever the Director determines that
16. payment will further the purposes of this Act, without regard to
17. any other provisions of law and under such regulations as the
18. Director may prescribe, in an amount not exceeding \$10,000, any
19. claim against the United States for loss of or damage to real or
20. personal property (including loss of occupancy or use thereof),
21. belonging to, or for personal injury or death of, any person not
22. a citizen or resident of the United States, where such claim arises
23. abroad out of the act or omission of any Agency employee or out of
24. the act or omission of any person acting on behalf of the Agency
25. but only if such claim is presented in writing to the Agency

1. activity involved within one year after it accrues."

2. (7) Paragraph (4) of section 104(a) of the Internal Revenue
3. Code of 1954 (26 U.S.C. 104(a)(4)) (relating to the exclusion
4. from gross income of compensation for injuries and sickness) is
5. hereby amended to read as follows:

*Tax Exemp.
of Disability
Annuity*

6. "(4) amounts received as a pension, annuity, or similar allow-
7. ance for personal injuries or sickness resulting from active service
8. in the armed forces of any country or in the Coast and Geodetic
9. Survey or the Public Health Service, or as a disability annuity
10. payable under the provisions of section 831 of the Foreign Service
11. Act of 1946, as amended (22 U.S.C. 1081; 60 Stat. 1021), or as a
12. disability annuity payable under Title II of the Central Intelligence
13. Agency Act of 1949, as amended (50 U.S.C. 403(a) et seq.)."

14. (8) Renumber section 7 to read section 8. Renumber section 8
15. to read section 9, APPROPRIATIONS. Renumber section 9 to read
16. section 10, SEPARABILITY OF PROVISIONS. Renumber section 10 to
17. read section 11, SHORT TITLE. Add a new section 7 as follows:

*Gifts and
Bequests*

18. "7(a) For the benefit of or for use in connection with the
19. Agency or for the benefit or welfare of employees of the Agency
20. or their dependents, the Director is authorized, notwithstanding
21. any other provisions of law:

22. (1) to receive gifts to the Agency and in his discretion to
23. accept, receive, hold, administer, and expend or dispose of such
24. gifts and bequests of property from individuals or others;

25. (2) to disburse gifts, bequests of money, interest, profits,
26. income, or proceeds from sales of other property received as gifts

1. in accordance with the terms and conditions of the acceptance of
2. any particular gift or bequest;
3. (3) to invest, reinvest or retain investments of the money,
4. property or securities and the interest, profits, or proceeds
5. accruing from such money, property or securities;
6. Provided, however, that the Director is not authorized, as a consequence
7. of gifts or bequests of money, property or securities to the Agency,
8. to engage in any business or to exercise any voting privilege which may
9. be incidental to securities in his hands received as a gift to the
10. Agency, nor shall the Director make any investments other than securities
11. of the United States or other securities guaranteed as to principal and
12. interest by the United States, except that he may make any investments
13. directly authorized by the instrument of gift, and may retain any invest-
14. ments accepted by him; provided further, that gifts, bequests of money,
15. or proceeds from other property are not utilized for the conduct of
16. activities by the Agency, as authorized in 50 U.S.C. 403(d) et seq.
17. through the augmentation or in lieu of appropriations by the United
18. States Congress; and provided further, that the funds represented
19. by the gifts, bequests of money or proceeds from other property are
20. not commingled with funds appropriated by the United States Congress.
21. "(b) For the purpose of Federal income, estate and gift taxes,
22. gifts and bequests accepted by the Director shall be deemed to be
23. a gift or bequest to or for the use of the United States."
24. Section 3. Insert the heading "TITLE I -- DEFINITIONS AND GENERAL
25. ~~AUTHORITIES~~" before the section title, "DEFINITIONS", of section 1
26. of the Central Intelligence Agency Act of 1949, as amended.

1. Section 4. The Central Intelligence Agency Act of 1949, as amended,
2. is further amended by the addition of TITLE II as follows:

3. "TITLE II -- THE CENTRAL INTELLIGENCE AGENCY RETIREMENT
4. AND DISABILITY SYSTEM

5. "PART A -- ESTABLISHMENT OF SYSTEM

6. "Rules and Regulations

7. "Sec. 201. (a) The Director may prescribe rules and regulations for
8. the establishment and maintenance of a Central Intelligence Agency
9. Retirement and Disability System, referred to hereafter as the
10. System.

11. "(b) The Director shall administer the System in accordance
12. with such rules and regulations and with the principles established
13. by this Act.

14. "Establishment and Maintenance of Fund

15. "Sec. 202. There is hereby created a fund to be known as the
16. Central Intelligence Agency Retirement and Disability Fund which
17. shall be maintained by the Director. The Central Intelligence
18. Agency Retirement and Disability Fund is referred to hereafter in
19. this title as the Fund.

20. "Participants

21. "Sec. 203. The Director may designate from time to time such Agency
22. officers and employees, hereafter referred to as participants, who
23. shall be entitled to the benefits of the System.

24. "Annuitants

25. "Sec. 204. (a) Annuitants shall be persons who are receiving annuities

1. from the Fund and all persons, including surviving wives and husbands,
2. widows, dependent widowers, children and beneficiaries of participants
3. or annuitants who shall become entitled to receive annuities in
4. accordance with the provisions of this Act.

5. "(b) When used in this title the term --

6. "(1) "Widow" means the surviving wife of a participant who was
7. married to such participant for at least two years immediately pre-
8. ceding his death or is the mother of issue by such marriage.

9. "(2) "Dependent widower" means the surviving husband of a
10. participant who was married to such participant for at least two
11. years immediately preceding her death or is the father of issue by
12. such marriage, and who is incapable of self-support by reason of
13. mental or physical disability, and who received more than one-half
14. of his support from such participant.

15. "(3) "Child" means an unmarried child, under the age of
16. eighteen years, or such unmarried child regardless of age who
17. because of physical or mental disability incurred before age
18. eighteen is incapable of self-support. In addition to the off-
19. spring of the participant and his or her spouse the term includes
20. (a) an adopted child, and (b) a step-child or recognized natural
21. child who received more than one-half of his support from the
22. participant.

23. "PART B -- COMPULSORY CONTRIBUTIONS

24. "Sec. 211. (a) Six and one-half per centum of the basic salary
25. received by each participant shall be contributed to the Fund for

1. the payment of annuities, cash benefits, refunds, and allowances.
2. An equal sum shall also be contributed from the respective appro-
3. priation or fund which is used for payment of his salary. The
4. amounts deducted and withheld from basic salary together with the
5. amounts so contributed from the appropriation or fund, shall be
6. deposited by the Agency to the credit of the Fund.

7. "(b) Each participant shall be deemed to consent and agree to
8. such deductions from basic salary, and payment less such deductions
9. shall be a full and complete discharge and acquittance of all claims
10. and demands whatsoever for all regular services during the period
11. covered by such payment, except the right to the benefits to which
12. he shall be entitled under this Act, notwithstanding any law, rule,
13. or regulation affecting the individual's salary.

14. "PART C -- COMPUTATION OF ANNUITIES

15. "Sec. 221. (a) The annuity of a participant shall be equal to
16. 2 per centum of his average basic salary for the highest five
17. consecutive years of service, for which full contributions have
18. been made to the Fund, multiplied by the number of years, not
19. exceeding thirty-five, of service credit obtained in accordance
20. with the provisions of sections 251, 252 and 253. In determining
21. the aggregate period of service upon which the annuity is to be
22. based, the fractional part of a month, if any, shall not be counted.

23. "(b) At the time of retirement, any married participant may
24. elect to receive a reduced annuity and to provide for an annuity
25. payable to his wife or her husband, commencing on the date following

1. such participant's death and terminating upon the death of such
2. surviving wife or husband. The annuity payable to the surviving
3. wife or husband after such participant's death shall be 50 per centum
4. of the amount of the participant's annuity computed as prescribed
5. in paragraph (a) of this section, up to the full amount of such
6. annuity specified by him as the base for the survivor benefits.
7. The annuity of the participant making such election shall be reduced
8. by $2\frac{1}{2}$ per centum of any amount up to \$2,400 he specifies as the base
9. for the survivor benefit plus 10 per centum of any amount over
10. \$2,400 so specified.

11. "(c) (1) If an annuitant dies and is survived by a wife or
12. husband and by a child or children, in addition to the annuity
13. payable to the surviving wife or husband, there shall be paid to
14. or on behalf of each child an annuity equal to the smallest of:
15. (i) 40 per centum of the annuitant's average basic salary, as
16. determined under paragraph (a) of this section, divided by the
17. number of children; (ii) \$600; or (iii) \$1,800 divided by the
18. number of children.

19. "(2) If an annuitant dies and is not survived by a wife or
20. husband but by a child or children, each surviving child shall be
21. paid an annuity equal to the smallest of: (i) 50 per centum of the
22. annuitant's average basic salary, as determined under paragraph (a)
23. of this section, divided by the number of children; (ii) \$720; or
24. (iii) \$2,160 divided by the number of children.

25. "(d) If a surviving wife or husband dies or the annuity of a

1. child is terminated, the annuities of any remaining children shall
2. be recomputed and paid as though such wife, husband, or child had
3. not survived the participant.
4. "(e) The annuity payable to a child under paragraph (c) or (d)
5. of this section shall begin on the first day of the next month after
6. the participant dies and such annuity or any right thereto shall be
7. terminated upon death, marriage, or attainment of the age of
8. eighteen years, except that, if a child is incapable of self-support
9. by reasons of mental or physical disability, the annuity shall be
10. terminated only when such child dies, marries, or recovers from
11. such disability.
12. "(f) At the time of retirement an unmarried participant may
13. elect to receive a reduced annuity and to provide for an annuity
14. equal to 50 per centum of the reduced annuity payable after his
15. or her death to a beneficiary whose name shall be designated in
16. writing to the Director. The annuity payable to a participant
17. making such election shall be reduced by 10 per centum of an annuity
18. computed as provided in paragraph (a) of this section and by
19. 5 per centum of an annuity so computed for each full five years
20. the person designated is younger than the retiring participant,
21. but such total reduction shall not exceed 40 per centum. No such
22. election of a reduced annuity payable to a beneficiary shall be
23. valid until the participant shall have satisfactorily passed a
24. physical examination as prescribed by the Director. The annuity
25. payable to a beneficiary under the provisions of this paragraph

1. shall begin on the first day of the next month after the participant
2. dies. Upon the death of the surviving beneficiary all payments
3. shall cease and no further annuity payments authorized under this
4. paragraph shall be due or payable.

5. "PART D -- BENEFITS ACCRUING TO CERTAIN PARTICIPANTS

6. "Retirement for Disability or Incapacity --

7. Physical Examination -- Recovery

8. "Sec. 231. (a) Any participant who has five years of service
9. credit toward retirement under the System, excluding military or
10. naval service that is credited in accordance with provisions of
11. section 251 or 252(a)(2), and who becomes totally disabled or
12. incapacitated for useful and efficient service by reason of disease,
13. illness, or injury not due to vicious habits, intemperance, or willful
14. misconduct on his part, shall, upon his own application or upon
15. order of the Director, be retired on an annuity computed as pre-
16. scribed in section 221. If the disabled or incapacitated
17. participant has less than twenty years of service credit toward
18. his retirement under the System at the time he is retired, his
19. annuity shall be computed on the assumption that he has had twenty
20. years of service, but the additional service credit that may accrue
21. to a participant under this provision shall in no case exceed the
22. difference between his age at the time of retirement and the
23. mandatory retirement age applicable to his grade in the Agency.
24. "(b) In each case, the participant shall be given a physical
25. examination by one or more duly qualified physicians or surgeons

1. designated by the Director to conduct examinations, and disability
2. shall be determined by the Director on the basis of the advice of
3. such physicians or surgeons. Unless the disability is permanent,
4. like examinations shall be made annually until the annuitant has
5. reached the statutory mandatory retirement age for his grade in the
6. Agency. If the Director determines, on the basis of the advice of
7. one or more duly qualified physicians or surgeons conducting such
8. examinations that an annuitant has recovered to the extent that he
9. can return to duty, the annuitant may apply for reinstatement or
10. reappointment in the Agency within one year from the date his recovery
11. is determined. Upon application the Director may reinstate any such
12. recovered disability annuitant in the grade in which he was serving
13. at time of retirement, or the Director may, taking into consideration
14. the age, qualifications, and experience of such annuitant, and the
15. present grade of his contemporaries in the Agency, appoint him to
16. a grade higher than the one in which he was serving prior to retire-
17. ment. Payment of the annuity shall continue until a date six months
18. after the date of the examination showing recovery or until the date
19. of reinstatement or reappointment in the Agency, whichever is earlier.
20. Fees for examinations under this provision, together with reasonable
21. traveling and other expenses incurred in order to submit to examina-
22. tion, shall be paid out of the Fund. If the annuitant fails to
23. submit to examination as required under this section, payment of the
24. annuity shall be suspended until continuance of the disability is
25. satisfactorily established.

1. "(c) If a recovered disability annuitant whose annuity is
2. discontinued is for any reason not reinstated or reappointed in the
3. Agency, he shall be considered to have been separated within the
4. meaning of section 234 as of the date he was retired for disability
5. and he shall, after the discontinuance of the disability annuity,
6. be entitled to the benefits of that section or of section 241(a)
7. except that he may elect voluntary retirement in accordance with the
8. provisions of section 233 if he can qualify under its provisions.

9. "(d) No participant shall be entitled to receive an annuity
10. under this Act and compensation for injury or disability to himself
11. under the Federal Employees' Compensation Act of September 7, 1916,
12. as amended, covering the same period of time. This provision shall
13. not bar the right of any claimant to the greater benefit conferred
14. by either Act for any part of the same period of time. Neither this
15. provision nor any provision of the said Act of September 7, 1916, as
16. amended, shall be so construed as to deny the right of any person
17. to receive an annuity under this Act by reason of his own services
18. and to receive concurrently any payment under such Act of
19. September 7, 1916, as amended, by reason of the death of any other
20. person.

21. "(e) Notwithstanding any provision of law to the contrary, the
22. right of any person entitled to an annuity under this Act shall not
23. be affected because such person has received an award of compensation
24. in a lump sum under section 14 of the Federal Employees' Compensation
25. Act of September 7, 1916, as amended, except that where such annuity

1. is payable on account of the same disability for which compensation
2. under such section has been paid, so much of such compensation as has
3. been paid for any period extended beyond the date such annuity becomes
4. effective, as determined by the Secretary of Labor, shall be refunded
5. to the Department of Labor, to be paid into the Federal Employees'
6. Compensation Fund. Before such person shall receive such annuity
7. he shall (1) refund to the Department of Labor the amount representing
8. such computed payments for such extended period, or (2) authorize
9. the deduction of such amount from the annuity payable to him under
10. this Act, which amount shall be transmitted to such Department for
11. reimbursement to such Fund. Deductions from such annuity may be
12. made from accrued and accruing payments, or may be prorated against
13. and paid from accruing payments in such manner as the Secretary of
14. Labor shall determine, whenever he finds that the financial circum-
15. stances of the annuitant are such as to warrant such deferred
16. refunding.

17. "Death in Service

18. "Sec. 232. (a) In case a participant dies and no claim for
19. annuity is payable under the provisions of this Act, his contribu-
20. tions to the Fund, with interest at the rates prescribed in sections
21. 241 (a) and 281 (a), shall be paid in the order of precedence shown
22. in section 241 (b).

23. "(b) If a participant, who has at least five years of service
24. credit toward retirement under the System, excluding military or
25. naval service that is credited in accordance with the provisions of

1. section 251 or 252 (a) (2), dies before separation or retirement
2. from the Agency and is survived by a widow or a dependent widower,
3. as defined in section 204, such widow or dependent widower shall
4. be entitled to an annuity equal to 50 per centum of the annuity
5. computed in accordance with the provisions of paragraph (e) of this
6. section and of section 221 (a). The annuity of such widow or
7. dependent widower shall commence on the date following death of the
8. participant and shall terminate upon death of the widow or dependent
9. widower, or upon the dependent widower's becoming capable of self-
10. support.

11. "(c) If a participant who has at least five years of service
12. credit toward retirement under the System, excluding military or
13. naval service that is credited in accordance with the provisions
14. of section 251 or 252 (a) (2), dies before separation or retirement
15. from the Agency and is survived by a wife or a husband and a child
16. or children, each surviving child shall be entitled to an annuity
17. computed in accordance with the provisions of section 221(c)(1).
18. The child's annuity shall begin and be terminated in accordance
19. with the provisions of section 221(e). Upon the death of the
20. surviving wife or husband or termination of the annuity of a child,
21. the annuities of any remaining children shall be recomputed and
22. paid as though such wife or husband or child had not survived the
23. participant.

24. "(d) If a participant who has at least five years of service
25. credit toward retirement under the System, excluding military or

1. naval service that is credited in accordance with the provisions of
2. section 251 or 252(a)(2), dies before separation or retirement from
3. the Agency and is not survived by a wife or husband, but by a child
4. or children, each surviving child shall be entitled to an annuity
5. computed in accordance with the provisions of section 221(c)(2).
6. The child's annuity shall begin and terminate in accordance with the
7. provisions of section 221(e). Upon termination of the annuity of a
8. child, the annuities of any remaining children shall be recomputed
9. and paid as though that child had never been entitled to the benefit.
10. "(e) If, at the time of his or her death, the participant had
11. less than twenty years of service credit toward retirement under the
12. System, the annuities payable in accordance with paragraph (b) of
13. this section shall be computed in accordance with the provisions of
14. section 221 on the assumption he or she has had twenty years of
15. service, but the additional service credit that may accrue to a
16. deceased participant under this provision shall in no case exceed
17. the difference between his or her age on the date of death and the
18. mandatory retirement age applicable to his or her grade in the Agency.
19. In all cases arising under paragraphs (b), (c), (d), or (e) of this
20. section, it shall be assumed that the deceased participant was
21. qualified for retirement on the date of his death.

22. "Voluntary Retirement

23. "Sec. 233. Any participant in the System who is at least
24. fifty years of age and has rendered twenty years of service,
25. including service within the meaning of section 253, may on

1. his own application and with the consent of the Director be
2. retired from the Agency and receive benefits in accordance with
3. the provisions of section 221.

4. "Discontinued Service Retirement

5. "Sec. 234. (a) Any participant who separates from the Agency
6. after obtaining at least five years of service credit toward re-
7. tirement under the System, excluding military or naval service
8. that is credited in accordance with the provisions of section
9. 251 or 252 (a)(2), may, upon separation from the Agency or at
10. any time prior to becoming eligible for an annuity, elect to have
11. his contributions to the Fund returned to him in accordance with
12. the provisions of section 241, or (except in cases where the
13. Director determines that separation was based in whole or in part
14. on the ground of disloyalty to the United States) to leave his
15. contributions in the Fund and receive an annuity, computed as
16. prescribed in section 221, commencing at the age of sixty years.

17. "(b) If a participant who has qualified in accordance with
18. the provisions of paragraph (a) of this section to receive a
19. deferred annuity commencing at the age of sixty dies before
20. reaching the age of sixty his contributions to the Fund, with
21. interest, shall be paid in accordance with the provisions of
22. sections 241 and 281.

23. "(c) The Director may in his discretion retire participants
24. in grade GS-14 and above to promote the efficiency of the Agency
25. and they shall receive retirement benefits in accordance with

1. the provisions of section 221.

2. "(d) The Director may in his discretion retire participants
3. in grade GS-13 and below to promote the efficiency of the Agency
4. and each such officer shall receive--

5. "(1) one-twelfth of a year's salary at his then current salary
6. rate for each year of service and proportionately for a fraction of
7. a year, but not exceeding a total of one year's salary at his then
8. current salary rate, payable without interest, from the Fund, in
9. three equal installments on the 1st day of January following the
10. officer's retirement and on the two anniversaries of this date
11. immediately following: Provided, That in special cases, the
12. Director may in his discretion accelerate or combine the install-
13. ments; and

14. "(2) a refund of the contributions made to the Fund, with
15. interest as provided in section 241 (a), except that in lieu of
16. such refund such officer, if he has at least five years of service
17. credit toward retirement under the System, excluding military or
18. naval service that is credited in accordance with the provisions
19. of section 251 or 252 (a), may elect to receive retirement benefits
20. on reaching the age of sixty in accordance with the provisions of
21. section 221. In the event that an officer who was separated from
22. grade GS-13 or GS-12 and who has elected to receive retirement
23. benefits dies before reaching the age of sixty, his death shall
24. be considered a death in service within the meaning of section
25. 232. In the event that an officer who was separated from

1. grade GS-11 or below and who has elected to receive retirement
2. benefits dies before reaching the age of sixty, the total amount
3. of his contributions made to the Fund, with interest as provided
4. in section 241(a), shall be paid in accordance with the provisions
5. of section 241(b).

6. "(e) Notwithstanding the provisions of section 3477 of the
7. Revised Statutes, as amended (31 U.S.C. 203) or the provisions of
8. any other law, an Agency officer who is retired in accordance with
9. the provisions of section 234 (d) shall have the right to assign to
10. any person or corporation the whole or any part of the benefits
11. receivable by him pursuant to paragraph (d) (1) of this section.

12. "Mandatory Retirement for Age

13. "Sec. 235. (a) Any participant in the System in grade GS-18
14. or above, shall upon reaching the age of sixty-five, be retired
15. from the Agency and receive retirement benefits in accordance with
16. the provisions of section 221, but whenever the Director shall
17. determine it to be in the public interest, he may extend such an
18. officer's service for a period not to exceed five years.

19. "(b) Any participant in the System, other than in grade GS-18
20. or above, shall upon reaching the age of sixty, be retired from the
21. Agency and receive retirement benefits in accordance with the
22. provisions of section 221, but whenever the Director shall determine
23. it to be in the public interest, he may extend such an officer's
24. service for a period not to exceed five years.

1. "PART E -- DISPOSITION OF CONTRIBUTIONS AND INTEREST

2. IN EXCESS OF BENEFITS RECEIVED

3. "Sec. 241. (a) Whenever a participant becomes separated from
4. the Agency without becoming eligible for an annuity or a deferred
5. annuity in accordance with the provisions of this Act, the total
6. amount of contributions from his salary with interest thereon at
7. 4 per centum per annum, compounded annually as of December 31, and
8. proportionately for the period served during the year of separation
9. including all contributions made during or for such period, except
10. as provided in section 281, shall be returned to him.

11. "(b) In the event that the total contributions of a retired
12. participant, other than voluntary contributions made in accordance
13. with the provisions of section 281, with interest at 4 per centum
14. per annum compounded annually as is provided in paragraph (a) of
15. this section added thereto, exceed the total amount returned to
16. such participant or to an annuitant claiming through him, in the
17. form of annuities, accumulated at the same rate of interest up to
18. the date the annuity payments cease under the terms of the annuity,
19. the excess of the accumulated contributions over the accumulated
20. annuity payments shall be paid in the following order of precedence,
21. upon the establishment of a valid claim therefor, and such payment
22. shall be a bar to recovery by any other person:

23. "(1) To the beneficiary or beneficiaries designated by the
24. retired participant in writing to the Director;

25. "(2) If there be no such beneficiary, to the surviving wife

1. or husband of such participant;
2. "(3) If none of the above, to the child or children of such
3. participant and descendants of deceased children by representation;
4. "(4) If none of the above, to the parents of such participant
5. or the survivor of them;
6. "(5) If none of the above, to the duly appointed executor or
7. administrator of the estate of such participant;
8. "(6) If none of the above, to other next of kin of such
9. participant as may be determined by the Director in his judgment
10. to be legally entitled thereto.
11. "(c) No payment shall be made pursuant to paragraph (b) (6) of
12. this section until after the expiration of thirty days from the
13. death of the retired participant or his surviving annuitant.
14. "PART F -- PERIOD FOR SERVICE FOR ANNUITIES
15. "Computation of Length of Service
16. "Sec. 251. For the purposes of this title, the period of
17. service of a participant shall be computed from the date he becomes
18. a participant under the provisions of this Act, but all periods of
19. separation from the Agency and so much of any leaves of absence
20. without pay as may exceed six months in the aggregate in any calendar
21. year shall be excluded, except leaves of absence while receiving
22. benefits under the Federal Employees' Compensation Act of
23. September 7, 1916, as amended, and leaves of absence granted
24. participants while performing active and honorable military or
25. naval service in the Army, Navy, Air Force, Marine Corps, or

1. Coast Guard of the United States.

2. "Prior Service Credit

3. "Sec. 252. (a) A participant may, subject to the provisions
4. of this section, include in his period of service --

5. "(1) civilian service in the executive, judicial, and legis-
6. lative branches of the Federal Government and in the District of
7. Columbia government, prior to becoming a participant; and

8. "(2) active and honorable military or naval service in the
9. Army, Navy, Marine Corps, Air Force, or Coast Guard of the United
10. States.

11. "(b) A person may obtain prior civilian service credit in
12. accordance with the provisions of paragraph (a) (1) of this section
13. by making a special contribution to the Fund equal to 5 per centum
14. of his basic annual salary for each year of service for which credit
15. is sought prior to November 8, 1960, and at $6\frac{1}{2}$ per centum thereafter
16. with interest compounded annually at 4 per centum per annum to the
17. date of payment. Any such person may, under such conditions as may
18. be determined in each instance by the Director, pay such special
19. contributions in installments.

20. "(c)(1) If an officer or employee under some other Government
21. retirement system, becomes a participant in the System by direct
22. transfer, such officer or employee's total contributions and deposits,
23. including interest accrued thereon, except voluntary contributions,
24. shall be transferred to the Fund effective as of the date such officer
25. or employee becomes a participant in the System. Each such officer

1. or employee shall be deemed to consent to the transfer of such funds
2. and such transfer shall be a complete discharge and acquittance of
3. all claims and demands against the other Government retirement fund
4. on account of service rendered prior to becoming a participant in
5. the System.

6. "(2) No officer or employee, whose contributions are trans-
7. ferred to the Fund in accordance with the provisions of paragraph
8. (c)(1) of this section, shall be required to make contributions in
9. addition to those transferred, for periods of service for which full
10. contributions were made to the other Government retirement fund,
11. nor shall any refund be made to any such officer or employee on
12. account of contributions made during any period to the other Govern-
13. ment retirement fund, at a higher rate than that fixed by section 211
14. of this Act for contributions to the Fund.

15. "(3) No officer or employee, whose contributions are transferred
16. to the Fund in accordance with the provisions of paragraph (c)(1)
17. of this section, shall receive credit for periods of service for
18. which a refund of contributions has been made, or for which no
19. contributions were made to the other Government retirement fund.
20. A participant may, however, obtain credit for such prior service
21. by making a special contribution to the Fund in accordance with the
22. provisions of paragraph (b) of this section.

23. "(d) No participant may obtain prior civilian service credit
24. toward retirement under the System for any period of civilian
25. service on the basis of which he is receiving or will in the future

1. be entitled to receive any annuity under another retirement system
2. covering civilian personnel of the Government.
3. "(e) A participant may obtain prior military or naval service
4. credit in accordance with the provisions of paragraph (a) (2) of
5. this section by applying for it to the Director prior to retirement
6. or separation from the Agency. However, in the case of a participant
7. who is eligible for and receives retired pay on account of military
8. or naval service, the period of service upon which such retired pay
9. is based shall not be included, except that in the case of a
10. participant who is eligible for and receives retired pay on account
11. of a service-connected disability incurred in combat with an enemy
12. of the United States or caused by an instrumentality of war and
13. incurred in line of duty during a period of war (as that term is
14. used in chapter 11 of title 38, United States Code), or is awarded
15. under chapter 67 of title 10 of the United States Code, the period
16. of such military or naval service shall be included. No contri-
17. butions to the Fund shall be required in connection with military
18. or naval service credited to a participant in accordance with the
19. provisions of paragraph (a) (2) of this section.

20. "Credit for Service at Unhealthful Posts

21. "Sec. 253. The Director may from time to time establish a
22. list of places which by reason of climatic or other extreme con-
23. ditions are to be classed as unhealthful posts, and each year of
24. duty at such posts inclusive of regular leaves of absence, of
25. participants hereafter retired, shall be counted as one year and

1. a half, and so on in like proportion in reckoning the length of
2. service for the purpose of retirement, fractional months being
3. considered as full months in computing such service, but no
4. such extra credit for service at such unhealthful posts shall be
5. credited to any participant who shall have been paid a salary
6. differential for such service.

7. "Credit for Service While on Military Leave

8. "Sec. 254. Contributions shall not be required covering
9. periods of leave of absence from the Agency granted a participant
10. while performing active military or naval service in the Army,
11. Navy, Air Force, Marine Corps, or Coast Guard of the United States.

12. "PART G -- MONEYS

13. "Estimate of Appropriations Needed

14. "Sec. 261. The Director shall prepare the estimates of the
15. annual appropriations required to be made to the Fund, and shall
16. cause to be made actuarial valuations of the Fund at intervals
17. of five years, or oftener if deemed necessary by him.

18. "Investment of Moneys in the Fund

19. "Sec. 262. The Director may, with the approval of the
20. Secretary of the Treasury, invest from time to time in interest-
21. bearing securities of the United States such portions of the
22. Fund as in his judgment may not be immediately required for the
23. payment of annuities, cash benefits, refunds, and allowances,
24. and the income derived from such investments shall constitute a
25. part of such Fund.

1. "Attachment of Moneys

2. "Sec. 263. None of the moneys mentioned in this title shall
3. be assignable either in law or equity, or be subject to execution,
4. levy, attachment, garnishment, or other legal process, except as
5. provided in section 234 (e).

6. "PART H -- ANNUITANTS RECALLED, REINSTATED OR
7. REAPPOINTED IN THE AGENCY OR REEMPLOYED IN
8. THE GOVERNMENT

9. "Recall

10. "Sec. 271. (a) The Director may recall any annuitant to duty
11. in the Agency whenever he shall determine such recall is in the
12. public interest.

13. "(b) Any annuitant recalled to duty in the Agency or reinstated
14. or reappointed in accordance with the provisions of section 231(b)
15. shall, while so serving, be entitled in lieu of his annuity to the
16. full salary of the grade in which he is serving. During such
17. service, he shall make contributions to the Fund in accordance
18. with the provisions of section 211. When he reverts to his retired
19. status, his annuity shall be determined anew in accordance with
20. the provisions of section 221.

21. "Reemployment Compensation

22. "Sec. 272. (a) Notwithstanding any other provision of law,
23. any officer or employee of the Agency, who has retired under this
24. Act, as amended, and is receiving an annuity pursuant thereto,
25. and who is reemployed in the Federal Government service in any

1. appointive position either on a part-time or full-time basis,
2. shall be entitled to receive the salary of the position in which
3. he is serving plus so much of his annuity payable under this Act,
4. as amended, which when combined with such salary does not exceed
5. during any calendar year the basic salary such officer or employee
6. was entitled to receive on the date of his retirement from the
7. Agency. Any such reemployed officer or employee who receives
8. salary during any calendar year in excess of the maximum amount
9. which he may be entitled to receive under this paragraph shall
10. be entitled to such salary in lieu of benefits hereunder.

11. "(b) When any such retired officer or employee of the Agency
12. is reemployed, the employer shall send a notice to the Agency of
13. such reemployment together with all pertinent information relating
14. thereto, and shall pay directly to such officer or employee the
15. salary of the position in which he is serving.

16. "(c) In the event of any overpayment under this section,
17. such overpayment shall be recovered by withholding the amount
18. involved from the salary payable to such reemployed officer or
19. employee, or from any other moneys, including his annuity, payable
20. in accordance with the provisions of this title.

21. "Reemployment

22. "Sec. 273. Notwithstanding the provisions of title 5,
23. United States Code, section 62, and title 5, United States Code,
24. section 715a, an Agency officer or employee retired under the
25. provisions of this Act shall not, by reason of his retired status,

1. be barred from employment in Federal Government service in any
2. appointive position for which he is qualified. An annuitant so
3. reemployed shall serve at the will of the appointing officer.

4. "PART I -- VOLUNTARY CONTRIBUTIONS

5. "Sec. 281. (a) Any participant may, at his option and under
6. such regulations as may be prescribed by the Director, deposit
7. additional sums in multiples of 1 per centum of his basic salary,
8. but not in excess of 10 per centum of such salary, which amounts
9. together with interest at 3 per centum per annum, compounded
10. annually as of December 31, and proportionately for the period
11. served during the year of his retirement, including all contri-
12. butions made during or for such period, shall, at the date of his
13. retirement and at his election, be--

14. "(1) returned to him in lump sum; or

15. "(2) used to purchase an additional life annuity; or

16. "(3) used to purchase an additional life annuity for himself
17. and to provide for a cash payment on his death to a beneficiary
18. whose name shall be notified in writing to the Director by the
19. participant; or

20. * "(4) used to purchase an additional life annuity for himself
21. and a life annuity commencing on his death payable to a beneficiary
22. whose name shall be notified in writing to the Director by the
23. participant with a guaranteed return to the beneficiary or his
24. legal representative of an amount equal to the cash payment
25. referred to in subparagraph (3) above.

1. "(b) The benefits provided by subparagraphs (2), (3), or (4)
2. of paragraph (a) of this section shall be actuarially equivalent
3. in value to the payment provided for by subparagraph (a) (1) of
4. this section and shall be calculated upon such tables of mortality
5. as may be from time to time prescribed for this purpose by the
6. Director.

7. "(c) In case a participant shall become separated from the
8. Agency for any reason except retirement on an annuity, the amount
9. of any additional deposits with interest at 3 per centum per annum,
10. compounded as is provided in paragraph (a) of this section, made
11. by him under the provisions of said paragraph (a) shall be
12. refunded in the manner provided in section 241 for the return of
13. contributions and interest in the case of death or separation
14. from the Agency.

15. "(d) Any benefits payable to an officer or to his beneficiary
16. in respect to the additional deposits provided under this section
17. shall be in addition to the benefits otherwise provided under
18. this title."

AREAS IN WHICH COVERAGE UNDER THE CIVIL SERVICE RETIREMENT ACT IS BROADER OR MORE
LIBERAL THAN COVERAGE UNDER THE FOREIGN SERVICE RETIREMENT SYSTEM OR THE PROPOSED
CIA RETIREMENT ACT

(Page number references are to a paper comparing the text of the Proposed CIA Retirement Act with pertinent provisions of the Foreign Service Act and the Civil Service Retirement Act.)

Subject	Civil Service Retirement Act	Proposed CIA Retirement Act and Foreign Service Act
<u>Definition of "child"</u> (page 6)	Child is defined to include an unmarried child between 18 and 21 who is a student (in addition to unmarried child under 18 or one incapable of self-support). (Sec. 1(j) as amended 1962)	Except for child incapable of self-support because of physical or mental disability, child must be under 18 and unmarried. (Sec. 204(b)(3) of proposed CIA Act; sec. 804(b)(3) of FSA)
<u>Disposition of contributions in excess of those for service establishing maximum annuity</u> (page 10(b))	Such contributions, with interest, are considered "voluntary contributions thereby providing basis for additional annuity." (Sec. 11(h)(1) - 1960 amendments)	No provision for any additional benefit for such excess contributions.
<u>Automatic cost-of-living increases in annuities</u> (page 10c)	Annuities are automatically increased when price index goes up 3%. (Sec. 18 - 1962 amendments) ALSO: Part III of the Act of October 11, 1962 provided for increases in 1962 through 1966 from 5% down to 1% for annuities in effect.)	No comparable provision.
<u>Amount of annuity to surviving wife or husband</u> (page 11)	55% of employee's annuity. (Sec. 10(a)(1) - 1962 amendments)	50% of employee's annuity. (Sec. 221(b) of proposed CIA Act; sec. 821(b) of FSA)
<u>Reduction in employee's annuity to provide survivor benefit</u> (page 11)	2 1/2% of first \$3,600 of employee's annuity plus 10% of balance. (Sec. 9(g) - 1962 amendments)	2 1/2% of first \$2,400 of employee's annuity plus 10% of balance. (Sec. 221(b) of proposed CIA Act; sec. 821(b) of FSA)

SW

Subject

Civil Service Retirement Act

Proposed CIA Retirement Act
and Foreign Service Act

"Automatic" election of
survivor benefit
(page 11)

Employee must state specifically and in writing that he does not wish survivor benefit. Otherwise it is automatically provided.
(Sec. 10(a)(1) - 1962 amendments)

Employee must specify that he does wish survivor benefit or it is not provided. (Sec. 221(b) of proposed CIA Act; sec. 821(b) of FSA)

Survivor benefit to beneficiary of unmarried employee
(page 14)

55% of employee's annuity after reduction for providing survivor benefit.
(Sec. 10(b) - 1962 amendments)

50% of employee's annuity after reduction for providing survivor benefit.
(Sec. 221(f) of proposed CIA Act; sec. 821(f) of FSA)

Disability retirement: application within one year after separation
(page 15)

Application for disability retirement may be filed one year after separation (or later in cases of mental incompetency).
(Sec. 7(b))

No comparable authority. (Perhaps FSA is interpreted to permit later application; however, CSRA makes specific provision.)

Continuation of annuity after recovery of disability annuitant
(page 17)

Annuity of disability retiree who recovers is continued until reemployment or for one year, whichever is less.
(Sec. 7(d) - 1961 amendments)

Annuity of disability retiree who recovers is continued until reemployment or for six months, whichever is less.
(Sec. 231(b) of proposed CIA Act; sec. 831(b) of FSA)

Death in service: annuity to widow or dependent widower
(page 22)

52% of annuity computed on basis of employee's service and high-5 salary.
(Sec. 10(c) - 1962 amendments)

50% of annuity computed on basis of employee's service and high-5 salary but with additional provision that, if employee had less than 20 years service, computation will be based on constructive years of service to retirement age.
(Sec. 232(b) and (e) of proposed CIA Act; sec. 832(b) and (e) of FSA)

Definition of "military" service
(pgs 37 and 44)

Military service includes Army, Navy, Air Force, Marine Corps, Coast Guard, Regular or Reserve Corps of Public Health Service, commissioned service in Coast and Geodetic Survey.
(Sec. 1(r) - 1960 amendments)

Military service includes only Army, Navy, Air Force, Marine Corps, and Coast Guard.
(Sec. 252(a) {2} of proposed CIA Act; sec. 852(a) {2} of FSA)

Subject	Civil Service Retirement Act	Proposed CIA Retirement Act and Foreign Service Act
<u>Purchase of prior service credit by survivor for annuity purposes (page 39)</u>	Survivor may purchase prior service credit of principal by making required deposits to fund. (Sec. 4(h) - 1958 amendments)	No comparable provision.
<u>Non-recovery of erroneous payments in certain cases (page 49)</u>	If person is without fault and recovery would be contrary to equity and good conscience, recovery of erroneous payments is not required. (Sec. 15(b))	No comparable provision.

Chart 1

COMPARISON OF PRINCIPAL PROVISIONS OF THE CIVIL SERVICE, FOREIGN SERVICE, AND PROPOSED CIA RETIREMENT SYSTEMS

PROVISIONS	CIVIL SERVICE	FOREIGN SERVICE & CIA
<u>General</u> Employee Contribution Basic Annuity Formula	6 1/2% of basic pay Based on high 5-year-average salary: $\frac{1}{2} \frac{1}{2} \text{ of high } 5 \times \text{1st } 5 \text{ yrs service}$ $+ \frac{1}{3} \frac{3}{4} \text{ of high } 5 \times \text{2nd } 5 \text{ yrs service}$ $+ \frac{2}{5} \text{ of high } 5 \times \text{remaining yrs}$ <u>service</u>	Same Based on high-5-year average salary: $2\% \text{ of high-5 } \times \text{total years service}$
Maximum Annuity Mandatory Retirement	80% of high-5 salary Age 70 with 15 years service	70% of high-5 salary Career Ambassador and Career Minister or GS-18 and above: age 65 FSO Class 1 and below or GS-17 and below: age 60

Chart 1

COMPARISON OF PRINCIPAL PROVISIONS OF THE CIVIL SERVICE,
FOREIGN SERVICE, AND PROPOSED CIA RETIREMENT SYSTEMS

PROVISIONS	CIVIL SERVICE	FOREIGN SERVICE & CIA
<u>Optional Retirement</u> (immediate annuity)	Age 60 - 30 years service Age 62 - 5 years service Age 55 - 30 years service-annuity is reduced by 5%	Age 50 - 20 years service (full earned annuity - not reduced)
<u>Discontinued Service - Selection Out</u>	Any age - 25 years service Age 50 - 20 years service (immediate, but annuity is reduced by 15%)	FSO Classes 1-3 or GS-14 and above: Immediate annuity at any age 5 years service (annuity not reduced) FSO Classes 4-7 or GS-13 and below: Separation pay at rate of one month's salary per year of service up to one year's salary; plus deferred annuity at age 60. Age 50 - 20 years service (full earned annuity - not reduced)
<u>Disability Retirement</u> Age and Service Minimum Annuity Taxability	Any age - 5 years service Lesser of: 40% high 5-year- average salary or annuity computed by extending service to age 60. Under Federal income tax "Sick Pay" exclusion, first \$100 per week tax exempt until optional retirement age.	Same Same Fully tax exempt.

COMPARISON OF PRINCIPAL PROVISIONS OF THE CIVIL SERVICE,
FOREIGN SERVICE, AND PROPOSED CIA RETIREMENT SYSTEMS

PROVISIONS	CIVIL SERVICE	FOREIGN SERVICE & CIA
<u>Survivor Annuity to Widow</u>		
Reduction of employee's annuity	2 1/2% of first \$3,600 plus 10% of balance	2 1/2% of first \$2,400 plus 10% of balance
Amount of widow's annuity	55% of employee's basic annuity	50% of employee's basic annuity
Termination of widow's annuity	Death or remarriage	Death only
<u>Reemployment of Annuitant</u>	Annuity offset against salary	Annuity plus salary cannot exceed basic pay at time of retirement

SECTIONAL ANALYSIS OF A PROPOSED BILL
TO AMEND THE CENTRAL INTELLIGENCE AGENCY
ACT OF 1949, AS AMENDED, AND FOR OTHER PURPOSES

SECTION 1.

Under Section 5(a) of the Central Intelligence Agency Act of 1949 the Agency is authorized to pay travel expenses, allowances, and related expenses of employees stationed outside the continental United States, its territories and possessions. The amendment proposed here will extend this authority to include employees stationed in the Trust Territory of the Pacific Islands by including that area in the definition of "abroad" as used in the Act. Living conditions in that area are such as to equate it in fact to certain foreign areas with undersirable living conditions. In this connection, it is noted that coverage of the Trust Territory of the Pacific was included in the proposed Foreign Areas Allowances Act of 1956 (S. 4186) and the proposed Overseas Health and Medical Services Act of 1956 (H. R. 12193). Both of these bills were supported by the Administration and were introduced during the second session of the 84th Congress, although too late to permit Congressional action.

SECTION 2.

Under Section 3(a) of the Central Intelligence Agency Act of 1949

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the Agency is authorized to exercise certain procurement authorities

contained in the Armed Services Procurement Act of 1947. The specific sections of the Armed Services Procurement Act, the authorities of which CIA was authorized to exercise, were incorporated by reference in Section 3(a) of the CIA Act of 1949. Since passage of the CIA Act, additional functions have been assigned to the Agency. This, and added experience, indicate the need to exercise other authorities contained in the Armed Services Procurement Act of 1947.

Under Section 2(c) of the Procurement Act, the Armed Services may negotiate purchases and contracts without advertising in seventeen listed circumstances. The Agency is authorized by Section 3(a) of the CIA Act to negotiate in ten of these circumstances. It is requested that the remaining negotiation authorities of Section 2(c) be given this Agency.

This increase in Agency negotiation authorities, to make them the same as those of the Armed Services, would be accomplished by modifying Section 3(a) of the CIA Act to authorize the Agency to exercise all the authorities contained in Section 2(c) of the Armed Services Procurement Act.

The Agency has substantial and vitally necessary programs in fields where research and development, standardization of equipment and provision of new or stand-by production facilities is a necessity. The negotiation authorities contained in Sections 2(c)(11), (13), (14), and (16) of the Armed Services Procurement Act are requested to facilitate

this work.

In addition, in the field of procurement the Agency faces generally the same problem encountered by the Armed Services, although in some cases only to a minor degree. For this reason the inclusion of the negotiation authorities in Sections 2(c) (8) and (9) of the Armed Services Act is requested, as these circumstances are actually encountered although they were not foreseen at the time the Central Intelligence Agency Act of 1949 was enacted.

Medical facilities are provided our personnel in certain necessary and legally allowable circumstances. As indicated by Section 2(c) (7) of the Armed Services Procurement Act, there should be authority to purchase these by negotiation, since considerations of quality and exact composition often must outweigh a small difference in price.

To further contribute to brevity and clarity, it is proposed that the reference to Sections 3 and 4 of the Armed Services Procurement Act be deleted from Section 3(a) of the CIA Act. These are only two of a number of provisions in the Armed Services Procurement Act and elsewhere which apply to our procurement and are followed as a matter of course.

Sections 5 and 6 of the Armed Services Procurement Act are presently applicable to the Agency, and it is proposed that this applicability be continued.

Section 7 of the Armed Services Procurement Act, providing for delegations of authority and covering procedures for making determinations, is included in the CIA Act of 1949 as Sections 3(c) and (d). It is proposed to delete these sections of the CIA Act and incorporate Section 7 by reference.

In fulfilling its unique mission, the Agency lets contracts from time to time for important and novel research and development work. Such contracts often must extend over a relatively long period in order to accomplish the desired result and do not accommodate themselves to fiscal year limitations. The proposed Section 3(b) authorizes such contracts for periods up to five years, which is substantially similar to present authorities for the military departments.

Certain procurement authorities can be exercised under the Armed Services Procurement Act and the CIA Act of 1949 only after a determination has been made by the "head of the Agency." The CIA Act of 1949 defines this term (previously referred to as "Agency head") to mean the Director, the Deputy Director, or the Executive of the Agency. At the time of the passage of the CIA Act, the Agency had an Executive who exercised many of the authorities currently under the jurisdiction of the Deputy Director (Support). It is, therefore, proposed to redefine the term "head of the Agency" for the purposes of this section.

SECTION 3.

Section 5 of the CIA Act of 1949 (P. L. 110, 81st Cong.) provides

authority for payment of travel expenses, allowances and related expenses. It is proposed to add to the Act at this time authority to pay certain allowances and expenses of this nature which were not generally available to Government employees at the time of the passage of the original Act. In addition, it is proposed that the section be rearranged in order to put certain authorities in more logical sequence.

Section 5(a), as proposed, will provide authority for payment of travel and transportation expenses for employees of the Agency stationed in foreign areas. Except for Sections 5(a)(5) and (8), the authorities provided are the same as those provided in the present statute.

Section 5(a)(5) modifies the authority available in the present Act so as to eliminate the requirement for a determination of emergency conditions before the Agency may store the furniture and household effects of an employee stationed abroad. In many situations, it is considerably less expensive for the Government to store effects than to ship them, and there is no need to ship household effects to many posts abroad. The language is similar to the basic Foreign Service authority which has been in effect for several years. The experience of the Government generally has been such that legislative proposals have now been made to adopt a less restricted approach to this problem on a government-wide basis.

Section 5a(8) will extend to CIA employees the same authorities granted to members of the Foreign Service of the United States by

P.L. 22 of the 84th Congress, and its language is substantially identical to Section 11 of that Act. It will permit payment for one trip to a United States port of entry and return to his parent's post abroad for an employee's child during each of the high school and college periods. The financial and morale problem which this section attempts to allay are serious, particularly for those employees with more than one child of school age. The cost of education and travel within the United States will still have to be borne by the individual or his parents.

Section 5(b) is a revision of Section 5a(2) of the present law. That Section presently authorizes the Agency to charge expenses in connection with travel and transportation to the appropriation for the fiscal year current when any part of the travel of its personnel begins, notwithstanding that the travel may not be completed during that current fiscal year. This authority to date has been limited to travel involving permanent change of station, however. The reasons underlying the original authority, i.e., ease of administration, appear to be equally applicable to temporary-duty travel and this amendment would authorize similar handling of travel expenses whether the travel involved permanent change of station or temporary duty. The revision also extends the authority to the transportation of automobiles.

Section 5(c), in subsections (1), (2) and (3), brings up to date Section 5(a)(3)(A) of the CIA Act of 1949, which provides travel for home leave purposes upon completion of two years' service abroad. The

amendment eliminates the requirement that employees have accumulated sufficient leave to carry them in leave status for 30 days in order to qualify for home leave travel benefits. Under present leave laws it is impossible for some employees to accumulate sufficient leave, and if the proposed companion section providing statutory home leave is enacted the accumulation requirement would be meaningless in any event. The Section also deletes obsolete references (5 U.S.C. 30, 30(a), and 30(b) have been repealed).

Section 5c(4) extends the statutory home leave provisions of the Annual and Sick Leave Act of 1951 to CIA employees stationed abroad, and thus places them on a similar basis to members of the Foreign Service in this regard. The phrases "and as it may hereafter be amended" are inserted in order to equate proposed CIA legislation to any possible changes in government-wide leave legislation. In the event that an overall bill is passed providing these benefits, there would be no need for this proposed section of the CIA legislation.

Section 5(c) extends the home leave privilege to employees who have completed a tour in a foreign area. There is a need for a period of home leave during which an employee can bring himself up to date on current affairs in the United States and handle personal affairs neglected during long service overseas.

Section 5(d)(1) amends section 5(a)(5)(A) of the CIA Act of 1949, which now authorizes the Agency to pay the travel expenses of an officer or employee of the Agency to a suitable hospital or clinic and return in the event of illness or injury requiring hospitalization, if such employee is assigned abroad in a locality where a suitable medical facility does not exist. It further provides that if such person is too ill to travel unattended, the Agency may pay travel expenses of an attendant. The proposed amendment extends this coverage to dependents of employees. Because of the location of some of the Agency posts of assignment, adequate medical facilities are often not available. As the members of the employee's family find themselves in these localities solely because of the employee's employment with CIA, as adequate medical facilities are often lacking, and as the cost of travel to adequate facilities is often expensive, it is considered appropriate for the Agency to bear such costs. The existing language is further revised to make clear that the Agency may pay travel expenses of more than one attendant since, in some cases, experience has demonstrated the need for more than one in order to assure the well-being of the patient.

Section 5(d)(2)(A) of the proposed bill authorizes payment for medical care of Agency employees located abroad in cases where an illness or injury requires hospitalization or similar treatment.

In the past an inequitable situation has existed because the wording of the Act permitted the payment of hospital care only while the employee was permanently assigned to a foreign station, regardless of the fact that conditions which caused the need for such care are just as likely to arise for individuals on temporary duty status.

Section 5(d)(2)(B) of the proposed bill extends limited medical benefits to dependents of an employee who are located abroad because of the employee's assignment to a foreign post. Officers and employees of the Agency and their families are an integral unit, and the employee's effectiveness depends in no small measure on the well-being of his family. Considering the health hazards which exist in many parts of the world where Agency employees are assigned, it is believed that the Government should assist in defraying medical expenses incurred by dependents while they are stationed abroad. Such a provision would place dependents of Agency personnel more on a par with dependents of Foreign Service personnel in the matter of medical services.

Inasmuch as dependents cannot be said to be in a duty status, the proposed legislation provides that the illness or injury must be incurred while the dependent is located abroad. It is not intended, moreover, that the Government assume the full cost of providing medical care and treatment for dependents of Agency personnel. It

may be noted that the proposed language refers to "an illness or injury which requires hospitalization or similar treatment." Thus, the employee would assume responsibility for less serious illnesses or injuries, except as routine services may be available at first aid stations established pursuant to section 5(d)(3). Second, as is true of officers and employees, the Government would not assume responsibility in cases involving vicious habits, intemperance or misconduct. Also, it is intended that regulations prescribed by the Director will exclude certain types of medical expense such as optional plastic surgery and dental treatment. Finally, it is believed that the employee should defray at least a portion of the medical costs and that a reasonable limitation should be placed on the aggregate liability that the Government, as an employer, should assume. Accordingly, provision is made for the employee to assume initial costs up to \$35.00 with the Government assuming responsibility for costs in excess of that amount but not in excess of 120 days of hospitalization for each illness or injury.

It is expected that the proposed maximum limitation of 120 days of hospitalization will cover most cases requiring hospitalization. However, in the remaining instances that require more prolonged medical care, it is only equitable that the Government assume an additional responsibility for medical expenses in those instances where the Director, on the advice of the Chief of the Agency medical staff,

determines that the illness or injury clearly is caused by the fact that a dependent is or has been located abroad. For example, civil strife resulting in serious injury to the wife of an Agency employee or a child's contraction of an infectious disease (despite observance of normal precautionary measures) which rarely occurs in the United States, would seem to warrant the Director's waiving the 120 day maximum limitation provision. On the basis of cumulative experience and, taking into account individual circumstances, the Director would authorize continued payment in such cases for such period as he considers appropriate.

Section 5(d)(2)(C) of the proposed bill authorizes the Director, after sufficient experience in the operation of the medical benefits plan described in the preceding sections, to contract for medical care under such arrangements, insurance, medical, service or health plans as he deems appropriate.

Sections 5(d)(1), 5(d)(2)(A), 5(d)(2)(B) and 5(d)(2)(C) are all patterned after amendments to Sections 941 and 942 of the Foreign Service Act which were enacted during the last session of the 84th Congress (P.L. 828). The language is identical with the language of the Foreign Service Act amendments, with the exception that the term "employees" is intended to cover foreign nationals as well as United States citizens. It is the intention of this Agency to interpret the

language of these sections as authorizing travel for medical care for employees or dependents for maternity reasons, and as authorizing payment for medical treatment for employees and dependents in certain types of maternity cases.

Section 5(d)(3) revises the present Section 5(a)(5)(B) so as to permit the employment of a physician or other medical personnel in addition to a nurse at posts where sufficient personnel are employed to justify such arrangements. It is not intended to establish such facilities at all posts. Where suitable Government or private facilities already exist, there would be no reason to do so. However, at some posts either only the most primitive medical facilities exist or suitable facilities, though they exist, are not available. In these instances, the establishment of essential medical facilities and services is not only beneficial to employees' morale, but also is a practical investment from the point of view of the Government as an employer.

Section 5(d)(4) of the proposed bill revises Section 5(a)(5)(D) of the present law to grant substantially the same authorities providing physical examinations and inoculations to Agency employees as were granted to employees of the Foreign Service under Section 943 of the Foreign Service Act of 1946. Section 12 of the Foreign Service Act Amendments of 1955 authorizes the administration of physical examinations and inoculations to dependents although in the past this

had been done in practice. There had been some concern that existing law did not clearly authorize the practice; therefore, this amendment was considered a technical clarification of the existing authority. The proposed revision of Section 5(a)(5)(D) accomplishes the same purpose.

Section 5(e) of the proposed bill exists in the present law as Section 5(a)(7). The substance has not been changed.

Section 5(f) of the proposed bill brings CIA authority regarding allowances in line with existing or proposed provisions in other legislation or proposed provisions in Administration bills forwarded to the Congress during the last session. In addition to the provision of allowances there has been included in a new subsection 5(f)(3) basic authority for the Agency to pay post differentials. The Foreign Service Act as amended, has been used as the principal model. Sections 901(1) and 901(2) of the Foreign Service Act of 1946 were incorporated by reference into Section 5(b) of the Central Intelligence Agency Act of 1949. Since that time, Section 901(2) of the Foreign Service Act has been amended, and further amendments have been proposed in a government-wide Overseas Allowances Act.

Section 5(g) of the proposed bill is equivalent to existing law which now provides that Foreign Service personnel are entitled to exclude from gross income for income tax purposes the various

allowances authorized them under the Foreign Service Act. It is desirable that the Agency have similar authority in view of the fact that the provisions of this proposed bill will establish separate and basic authority for the Agency to pay similar allowances.

SECTION 4.

Section 3648 of the Revised Statutes, to which the waiver provisions of Section 6(g) apply, provides that there shall be no advance of public money unless authorized by the appropriation concerned or by law, or by certain stated exceptions in Section 3648; it provides further that in contracts for the performance of services or the delivery of articles of any description for the use of the United States, payment shall not exceed the value of such service or article delivered previous to such payment. This provision works a hardship in certain foreign countries, whose laws or customs require advance payments, particularly of rent. Frequent exceptions have been made to this provision of law; e. g., for payments made for the Bureau of Customs in foreign countries (31 U.S.C. 529 b), for the enforcement of customs and narcotics laws (31 U.S.C. 529 f), for the Office of Scientific Research and Development (31 U.S.C. 529 h), and for advance payments of office rent in foreign countries by the Bureau of Foreign and Domestic Commerce. This statute is also specifically waived for the armed services, and the Department of State has

acquired an exception in its Appropriation Acts.

Section 6(h) of the proposed bill will permit the Agency to settle tort claims of a thousand dollars or less arising in foreign areas in the manner authorized by 28 U.S.C. 2672. That section provides for administrative settlement by the head of an Agency of claims for death, personal injury or property damage arising from the negligent or wrongful act of an employee while acting within the scope of his employment. This authority is given to the Secretary of State in Section 2(f) of Public Law 885, 84th Congress, 2nd Session (70 Stat. 890). Except for this provision, claims arising in foreign countries do not come within the provisions of the Federal Tort Claims Act. The authority would be of value to this Agency in settling relatively minor claims in foreign areas and would thus help in maintaining good relations between U. S. installations and the local people. In many foreign areas payments of a thousand dollars or less may effect full settlement even in cases of serious personal injury or death and save the U. S. considerable embarrassment.

Section 6(i) of the proposed bill will permit the Agency to use without fiscal year limitations allowances or proceeds received from the exchange or sale of passenger vehicles abroad for replacement of an equal number of vehicles. Present law permits such use

of exchange allowances but with the usual fiscal year limitations. Removal of the fiscal year limitation will allow a more flexible and economical use of exchange allowances in many cases. The same authority is provided the Secretary of State in Section 7 of Public Law 885, 84th Congress, 2nd Session, (70 Stat. 890).

SECTION 5.

This provision corrects a typographical error in Section 10(a)(1) of the Central Intelligence Agency Act of 1949. The authority which was intended to be granted by this clause was the authority to pay claims under the Federal Tort Claims Act (Chapter 171), but the chapter number was omitted from the final printed versions of the bill as passed.

SECTION 6.

The proposed new Section 9 of the CIA Act will amend the existing Civil Service Retirement Act so as to permit early retirement at full annuity analogous to that authorized investigative employees and Foreign Service Officers. Extra service credits will be granted for service abroad and at hardship posts, thus lowering the employee's retirement age and increasing his annuity in direct proportion to his service at such foreign posts. Agency employees serving abroad often work under extremely unfavorable conditions

dangerous to their health and well-being and, as a result, their usefulness as well as their health may be impaired at an age lower than that normally set for retirement under the Civil Service system. The demands of many Agency positions abroad and the tensions upon the employee doing the peculiar work required, combined with extremely unfavorable climatic and sanitary conditions in many foreign areas make such work most suitable for relatively young men. Although such an employee may have been of great value in his foreign assignment, it will often be impossible to properly place him at his attained grade in a headquarters position after his overseas service has ceased. If the Agency is to keep a young and vital working force to carry on its exacting activities, it must offer younger employees reasonable opportunity for advancement to more responsible positions rather than filling such positions with older men whose greatest contributions were in the past. To attain this goal the Agency must be able to offer early retirement with an annuity which will make retirement economically feasible. By making early retirement dependent upon approval of the Director, the Agency will be enabled to retain valuable employees in their middle age while at the same time permitting honorable and dignified retirement of persons who are surplus for reasons inherent in the nature of their employment and not reflecting upon their ability.

(PART C. Other Provisions)

9. Cost Estimates

The foregoing provisions are based substantially on authorities available
to the Department of State for Foreign Service personnel. *Accordingly* They have been
available to significant numbers of Agency personnel by virtue of [REDACTED] 25X1A

[REDACTED] 25X1A Agency personnel serving overseas, Agency authorities for travel
and medical care have been extended insofar as possible to provide comparable
benefits. Consequently the additional costs are so nominal that they are
not measurable. The additional costs of providing the new authorities are
indicated below.

a. Procurement Authorities

No costs are involved, ~~in the changes made in this~~
~~section.~~

Additional Cost	<i>First Full Year.</i>
\$ 0	

b. Rest and Recuperation Travel

As indicated above, additional costs are not
measurable.

0

c. Dependent Travel Expenses of TDY Assignment

Based on ~~the~~ normal Agency requirements for detailing 125,000
or re-routing employees for orientation and training
enroute to the post of duty, the principal increase will
be in per diem costs. Only a slight increase in
transportation costs will be incurred.

d. 18-Month Home Leave

The proposed amendment permits greater flexibility
in establishing the ~~time~~ *termination length* of overseas service required

0

to qualify ^f for home leave. We believe that ~~the~~ savings resulting from use of 3-year tours instead of 2-year tours will more than offset the use of 18-month tours *at hardship posts* and will result in a net saving.

e. Hospitalization and Travel for Medical Treatment

As indicated above, additional costs are not 0
measurable.

f. Re-Employment Rights

Moreover No direct costs are involved ~~in this provision~~ *however* 0
I but it is anticipated that there will be a reduction
future in recruiting costs.

g. Claims Authority *expenditures under*
the cost of this authority is 20,000
By its nature, ~~this is extremely~~ difficult to
estimate but our general experience suggests the
cost indicated.

h. Tax Exemption of Disability Annuities

This provision does not involve appropriation costs 0

i. Authority to Accept Gifts

The acceptance of gifts made to the Agency would 10,000
involve no direct cost. Even assuming the possibility
of immediate receipt of substantial gifts, we believe
the possible administrative costs would total no more
than one man year.

~~The total cost estimated for the application of the pro-~~
~~visions set forth above is estimated to be:~~ *TOTAL* \$155,000

Attachments:

Appendix I : Sectional Analysis and Explanation

7. COST

We have consulted the Civil Service Commission concerning techniques of estimating the cost of the proposed retirement system and have accepted their conclusion that the gross cost cannot be actuarially computed without experience data under the proposed system which cannot be obtained until it is actually operative. However, the annual cost of the benefits of the proposed retirement system can be most fairly estimated by using the evaluations of the U.S. Treasury actuary as to the cost of current benefits of the Foreign Service retirement system. At the time of our previous submission, this cost was actuarially estimated to be 23.69% of the payroll for the employees covered by the bill. Applying this same rate to the estimated payroll for employees who would be covered by our proposed system produces an estimated annual cost of [REDACTED] 25X1A

25X1A [REDACTED] Comparable data of the Civil Service Commission actuaries available at the time of our previous submission indicated the cost to be 13.83% of payroll for covered employees. Applying this rate to the estimated payroll for employees who would be covered by our proposed system produces an estimated annual cost of [REDACTED] 25X1A

25X1A [REDACTED] Thus, the additional annual cost of the benefits of the proposed system is estimated to be [REDACTED] However, it is important to note that it has not been the practice to fully fund either the Civil Service system or the Foreign Service system.

(7. Cost - continued)

The Civil Service Commission is at present conducting a new actuarial study of the Civil Service retirement system. More recent studies have also been developed for the Foreign Service system. We are working with both the Commission and the Treasury to provide comparative cost data based on their most recent findings.